

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7194**

**BILL NUMBER:** SB 468

**NOTE PREPARED:** Jan 6, 2009

**BILL AMENDED:**

**SUBJECT:** Merchant's Collection Allowance.

**FIRST AUTHOR:** Sen. Mrvan

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill reduces the retail merchant's collection allowance in current law by 50%.

**Effective Date:** January 1, 2010.

**Explanation of State Expenditures:** *Department of State Revenue (DOR):* This bill could increase the administrative costs of the DOR. The DOR will have to amend the Sales Tax forms, as well as update computer software to incorporate the change in the retail merchant's collection allowance. It is estimated that the provisions of this bill could be implemented within the existing level of resources available to the DOR.

**Explanation of State Revenues:** By decreasing the collection allowance, this bill could potentially increase Sales Tax revenue by approximately \$9.1 M annually. The exact impact would depend on the amount of sales that are remitted on time. The estimate is based on 2005 Sales Tax data from the DOR.

**Background Information-** Under current statute, retail merchants are allowed to retain a collection allowance if the remittance is timely. The allowance is computed as a percentage of the merchant's total Sales Tax liability. The current rates are as follows:

1. 0.73% if the merchant's Sales Tax liability accrued during the fiscal year does not exceed \$60,000.
2. 0.53% if the merchant's accrued liability is between \$60,000 and \$600,000.
3. 0.26% with accrued liability above \$600,000.

Sales Tax revenue is deposited in the state General Fund (99.178%), the Public Mass Transportation Fund (0.670%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%).

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Local revenues will be impacted to the extent that a local unit receives funds from the Public Mass Transportation Fund, the Commuter Rail Service Fund, or the Industrial Rail Service Fund.

**State Agencies Affected:** DOR.

**Local Agencies Affected:**

**Information Sources:** Bob Walls, DOR,317-232-2104.

**Fiscal Analyst:** Diana Agidi,317-232-9867 .